

## REHABILITATION OF CERTAIN MEXICAN NATIONAL RAILWAYS

*Exchange of notes at México November 18, 1942*

*Entered into force November 18, 1942*

*Amended by agreement of September 21 and December 13 and 29,  
1944, and April 17, 1945<sup>1</sup>*

*Extended by agreements of September 21 and December 13 and 29,  
1944, and April 17, 1945,<sup>1</sup> and December 20, 1945, and March 5,  
1946<sup>2</sup>*

*Paragraphs 1, 2, 3, 5, and 6 of United States note terminated Decem-  
ber 31, 1944<sup>1</sup>*

*Program terminated June 30, 1946<sup>3</sup>*

56 Stat. 1824; Executive Agreement Series 289

*The Minister of Foreign Affairs to the American Ambassador*

[TRANSLATION]

DEPARTMENT OF FOREIGN RELATIONS  
UNITED MEXICAN STATES  
MEXICO CITY

59436

MEXICO CITY, November 18, 1942

MR. AMBASSADOR:

In conformity with resolution II<sup>4</sup> of the Third Consultative Meeting of the Ministers of Foreign Affairs of the American Republics held at Rio de Janeiro from January 15 to 28 of the present year, the Mexican Government has made every effort within its power to bring about the mobilization of the economic resources of the Republic, particularly with respect to the production of strategic materials necessary for the defense of the hemisphere. In this regard, I am pleased to inform Your Excellency that such production is being achieved at a constantly accelerated pace, for it is the firm intention of Mexico to unite its action with that of the United Nations so as to attain a definitive victory over the Axis powers.

For this purpose agreements have been concluded through which Mexico furnishes to the United States its exportable surplus of a long list of essential products.

<sup>1</sup> *Post*, p. 1200.

<sup>2</sup> 120 UNTS 3.

<sup>3</sup> Termination confirmed by joint memorandum signed July 5, 1946.

<sup>4</sup> For text, see *Department of State Bulletin*, Feb. 7, 1942, p. 119.

I have the pleasure, likewise, of informing Your Excellency that the Mexican economy has reacted favorably to the constantly increasing strain to which it has been subjected as a consequence of this increase in production and also that there are indications which permit the assumption that the materials which will be furnished in 1943 will exceed by far the quantities which have been made available during the current year.

Unfortunately, Mexico's capacity to produce the articles which are so urgently needed is greater than the possibilities of the Mexican system of transportation to carry them from the mines, fields, or forests where they are extracted or produced to the places where they are exported, manufactured, or consumed.

The burden which is now being borne by the national railways surpasses by far the maximum freight limit which it could reasonably have been expected that they would carry in time of peace. If the United Nations in general, and Mexico and the United States in particular, are to benefit to the maximum by our common effort, it will be necessary for prompt and effective measures to be taken in order that the national railways of Mexico may be in a position to transport a wartime load much larger in volume than that which they can move at present.

In brief, the matter of transportation is today the real key to the Mexican-American program of joint production and economic cooperation in the prosecution of the war.

In my opinion the best proof that the Government of the United States recognizes the basic importance of this question of transportation is the careful attention which Your Excellency has personally given to it, as well as the attitude of your Government in sending to Mexico, at the suggestion of my Government, a mission of expert railroad men who will put the fruit of their experience at the service of the officials of the Mexican railways for the purpose of improving conditions of operation and maintenance thereof, and to expedite the flow of traffic.

However, in order that our efforts may be crowned with the desired success, it is urgent that basic improvements be effected in the lines themselves, in their equipment, and in their motive power. For this, the collaboration of the Government and of the industry of the United States of America is absolutely necessary.

I also think that the operation of the railways should be improved in order to obtain the greatest efficiency in the utilization of the resources already existing and of those which may be obtained.

My Government would, accordingly, be gratified if the Government of the United States of America would consider it possible to strengthen the present mission of railway experts by including therein for a period of six months—or for a longer time, which would be determined officially by means of an exchange of notes at the expiration of the period here provided—a high-ranking official with wide knowledge of this subject; also a limited number of special-

ists who could assist him in making a complete study of the national railways of Mexico, who could likewise make available to the railways the results of their investigations, and who could aid them with their advice.

I desire to assure Your Excellency that the Government of Mexico will, on its part, see that the necessary steps are taken—from the point of view of the organization and operation of the national railways—to obtain maximum efficiency. With regard to this, it would gratefully receive the suggestions of the American railway mission.

I take the opportunity to renew to Your Excellency the assurance of my highest and most distinguished consideration.

E. PADILLA

His Excellency GEORGE S. MESSERSMITH,  
*Ambassador Extraordinary and Plenipotentiary  
of the United States of America,  
City.*

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*The American Ambassador to the Minister of Foreign Affairs*

EMBASSY OF THE  
UNITED STATES OF AMERICA

*Mexico, November 18, 1942*

No. 787

EXCELLENCY:

I acknowledge with appreciation Your Excellency's cordial note of November 18, 1942, outlining the constructive work which the Government of Mexico has accomplished in implementing Resolution II of the Third Meeting of Ministers of Foreign Affairs of the American republics at Rio de Janeiro through the mobilization of its economic resources, particularly in the production of strategic materials essential for the defense of the hemisphere. Your Excellency has indicated that the production of Mexico of materials for use in the prosecution of the war in which both of our countries are now engaged is being pressed to the limit, but you appropriately point out that unless certain basic changes and improvements are made in the structure and operation of the Mexican National Railways, these lines will not be able to carry the unusual war time peak load which is now and which will be increasingly placed upon them. It is made clear that unless this situation is promptly corrected, the war interests of our two countries and of the other United Nations will suffer. Your Excellency refers to the joint efforts to improve the situation which have already been made through the cooperation of our two governments and requests that this collaboration be extended materially.

The Government of the United States is in full accord with the thoughts expressed in Your Excellency's note under acknowledgment, and desires promptly to extend the added measure of collaboration which is essential to solve our mutual problems. Agencies of the Government of the United States have agreed to purchase from Mexican producers extensive quantities of a long list of strategic commodities. These are materials which are urgently needed by the United States in providing raw materials for the manufacture of war equipment for its own forces, for those of Mexico and for those of the other United Nations. Were it not for the augmented strain being placed on the Mexican National Railways because of United States purchases of strategic materials for its Armed Forces, the extensive rehabilitation of certain parts of the system and the furnishing of additional technical assistance and labor would not be necessary for the normal needs of the Railway Lines. My Government considers that it would not be fair to expect Mexico to bear this disproportionate burden. Consequently, my Government is prepared to pay its equitable share of the cost of the improvements which must be made in order that the materials in question may be transported to American War Plants.

I have noted with gratification that, in consideration of the assistance by my Government, the Mexican Government will on its part see to it that there are taken, from an organizational and operating point of view, all measures necessary to achieve optimum efficiency of the Mexican National Railways and that in this connection it will welcome the suggestions and advice of the United States Railway Mission.

It is my understanding, from the informal conversations thus far held on the subject, that it will be acceptable to the Mexican Government if my Government undertakes, through the Office of the Coordinator of Inter-American Affairs, the following measures of rehabilitation on certain sections of the Mexican Railways:

1. The lines to be covered are:

- (a) Main line extending south from United States border at Laredo, Texas, via Monterrey-Salttillo-San Luis Potosi to Mexico;
- (b) East-West line from Torreón via Paredón to Monterrey;
- (c) Main line southward from Cordoba and Puerto Mexico via Jesus Carranza and Ixtepec through Suchiate on the Guatemalan border;
- (d) Line from Chihuahua to Torreón.

2. To bear the cost of all materials and equipment which the Mexican Government shall agree with the United States Railway Mission to be necessary for the rehabilitation of the aforescribed lines, and which material and equipment must be obtained in the United States;

3. To pay for such rails and fastenings produced in Mexico and agreed between the Mexican Government and the United States Railway Mission to be necessary for this same undertaking;

4. To furnish without cost to Mexico the United States technicians agreed between the Mexican Government and the United States Railway Mission to be necessary;

5. To bear the cost of repairing in the United States such Mexican National Railways locomotives and other equipment which shall be mutually agreed upon shall be sent to the United States for repair under this particular rehabilitation program;

6. To bear the cost of such additional Mexican road gangs as the Mexican Government and the Railway Mission mutually agree are necessary to put into adequate operating condition the road-bed of the lines aforementioned. Expenditures for this purpose will, of course, be ones of a character which the Mexican National Railways could not be expected to bear for normal maintenance purposes.

I am confident that it will be appreciated that for fiscal and accounting reasons it is necessary that the expenditures which the Governments of the United States and Mexico agree are desirable be first approved by the Chief of the United States Railway Mission in Mexico City so that he can certify to the appropriate agency of my Government that in his judgment the expenditures are necessary at a given time and in the amount stipulated. I have every confidence that there will be at no time major differences of opinion concerning the time or extent of aid which cannot be resolved by the frank and friendly consultative procedure which has so happily characterized the relationships between our two Governments.

In addition to the materials and equipment, which in the opinion of the two Governments it will be necessary to secure from the United States, there will undoubtedly be equipment and materials which the facilities of Mexican industry can supply, which would be furnished for the rehabilitation program by the Mexican Government.

My Government fully agrees with the view of the Mexican Government that this rehabilitation program must go forward with optimum rapidity unless our joint war efforts are to suffer.

I avail myself of this occasion to renew to Your Excellency the assurances of my highest and most distinguished consideration.

GEORGE S. MESSERSMITH

His Excellency

Señor Licenciado Don EZEQUIEL PADILLA

*Minister for Foreign Affairs,*

*Mexico*